

## **TWO NEW DISTRIBUTION CENTRES TO ENHANCE X5'S LOGISTICS INFRASTRUCTURE IN THE URALS**

**Yekaterinburg, 10 July 2017** – X5 Retail Group N.V. ("X5" or "the Company"), a leading Russian food retailer (LSE ticker: "FIVE"), announces the launch of two new state-of-the-art distribution centres ("DCs") in Yekaterinburg: "Yekaterinburg" and "Kosulino". The new DCs will help boost the efficiency of X5's logistics operations, encourage more local sourcing and provide the best available prices to customers in the Ural, Volga and Siberian Federal Districts.

The Yekaterinburg DC has over 35,500 sq m of space and will service 1,260 Pyaterochka stores in the Sverdlovsk, Tyumen, Chelyabinsk, Kurgan, Novosibirsk, Omsk and Kemerovo regions, Khanty-Mansi Autonomous Area – Yugra, Yamal-Nenets Autonomous Area, and Perm territory. Featuring six storage zones with individual temperature bands, the facility is designed to accommodate all categories of goods.

The Kosulino DC consists of 13,700 sq m and will support supplies to 36 Perekrestok supermarkets and 9 Karusel hypermarkets in the Sverdlovsk, Tyumen, Chelyabinsk regions, Perm territory, and Khanty-Mansi Autonomous Area – Yugra. Featuring five storage zones, the DC is the first to service the Perekrestok and Karusel chains in the Urals.

The new DCs will ensure the freshness and availability of goods as X5 continues its rapid expansion. They will also help to cut transportation costs and unlock new opportunities for local producers. The DCs will also help to increase sales volumes for local producers and make their products available in new regions. At its full capacity, the Yekaterinburg DC will be able to handle and store products from over 480 suppliers, and the Kosulino DC will handle over 1,000 suppliers. The share of local goods in the product mix of Pyaterochka stores in the Sverdlovsk region is 35%, while for Perekrestok and Karusel it exceeds 20%.

Following the launch of the two DCs, the number of jobs created by Pyaterochka, Perekrestok and Karusel in the Sverdlovsk region will exceed 6,500. The Yekaterinburg DC will operate around-the-clock with the help of 480 local residents, while the Kosulino DC will employ 105 local staff.

The opening ceremony for the DCs, which took place during the INNOPROM International Industrial Trade Fair, was attended by Deputy Prime Minister of the Russian Federation Arkady Dvorkovich, Deputy Minister of Industry and Trade of the Russian Federation Viktor Evtukhov, and the CEOs of Pyaterochka and Perekrestok, Olga Naumova and Vladimir Sorokin.

The Yekaterinburg DC is among the most high-tech in Russia. The centre will deploy innovative solutions like dynamic slotting (a mathematical algorithm that provides for a shorter run for the picker based on order histories), voice picking (goods picked with the help of a voice terminal), EDI systems to maintain shelf availability and plan sales, and RFID technology to label goods and monitor their movement online. All these solutions, along with biometric employee identification, will help double labour productivity compared to peers.

X5 Retail Group invited managers of over 150 major suppliers from the Ural, Volga, and Siberian Federal Districts to the event. After the ceremony, the Kosulino DC hosted the X5 Dialogue Forum, where representatives of X5 Retail Group's chain stores shared X5's best practices in partnering with local suppliers and food producers. The local manufacturers received valuable advice on how to build relationships with retail chains, including information on product quality controls and requirements for transportation, storage, sales and disposal of food products set out in the Customs Union's and X5's applicable technical regulations.

**Note to Editors:**

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘Ba2’, S&P – ‘BB’) is a leading Russian food retailer. The Company operates several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 31 March 2017, X5 had 9,817 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 9,002 Pyaterochka proximity stores, 544 Perekrestok supermarkets, 90 Karusel hypermarkets and 181 convenience stores. The Company operates 36 DCs and 2,293 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln). In Q1 2017, revenue totalled RUB 293,078 mln (USD 4,981 mln), EBITDA reached RUB 22,167 mln (USD 377 mln), and net profit amounted to RUB 8,355 mln (USD 142 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

**Forward looking statements:**

*This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.*

*By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.*

*Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.*

*Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).*

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